

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7710

BILL NUMBER: HB 1704

NOTE PREPARED: Jan 13, 2005

BILL AMENDED:

SUBJECT: Department of Heritage.

FIRST AUTHOR: Rep. Murphy

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Department of Indiana Heritage (DIH). It allows the Natural Resources Commission to set, collect, and review admission fees for historic sites. The bill makes changes to the organization and duties of the Division of State Museums and Historic Sites and the division's board of trustees. It establishes the Historic Site Fund and requires the admission fees and historic property sales to be deposited in the Historic Site Fund (instead of in the Museum Acquisition Fund). It also provides that at least 51% of the fees collected from a particular historic site must be used for the educational programs conducted at the historic site and for the maintenance and operation of the historic site. The bill requires the State Personnel Department and the Budget Agency to study the structure of the Department of Indiana Heritage. The bill also makes a technical correction.

Effective Date: Upon passage; May 15, 2005; July 1, 2007.

Explanation of State Expenditures: *Office of the Commissioner.* This bill establishes the DIH, which consists of the Office of the Commissioner. The Governor appoints the commissioner. The commissioner is entitled to compensation in an amount to be fixed by the Budget Agency with the approval of the Governor. If the Commissioner were classified as an ESM I (an Executive, Scientific, Medical classification), costs for the compensation and fringe benefits for the Commissioner would equal \$98,000 (with a salary of about \$75,000 and fringe benefits plus indirect costs of about \$23,000). If the Commissioner's compensation was comparable to the head of the Department of Natural Resources (DNR), costs for the Commissioner would equal approximately \$118,000, including fringe benefits. Additional costs would be incurred for office space if none is currently available. The bill establishes a fund (described below) to provide money for the DIH.

The DIH may not assume any obligation, liability, or burden that exceeds appropriations made by law for the payment of such obligations, liabilities, and burdens.

Indiana Heritage Fund. The bill establishes the Department of Indiana Heritage Fund as a dedicated fund to provide money for the DIH to carry out its duties. The DIH administers the fund. Subject to the approval of the Budget Agency, the DIH may establish additional accounts or combine existing accounts as necessary to carry out the duties of the DIH. The bill provides no appropriation to the fund.

Division of State Museums and Historic Sites. The bill provides that the director of the Division of State Museums and Historic Sites may serve as the head of a section of the Division of State Museums and Historic Sites. The bill also provides that an individual may serve as the head of more than one section of the division. This provision could change administrative expenses for the DNR. The fiscal impact will depend on how the DNR elects to implement the provision.

The proposal also allows the Division to do the following:

- (1) Make and execute contracts or other instruments that are necessary or convenient to exercise the division's duties and powers.
- (2) Establish and collect admission charges, fees, rent, and other user fees for the State Museum or historic sites; restaurants and other facilities located at the State Museum or historic sites; programs, lectures, classes, tours, and trips provided at the State Museum or historic sites.
- (3) Employ or contract with a person to manage or operate any aspect of the state museum or historic sites.
- (4) Make and sell merchandise.
- (5) Pay royalties, license fees, and charges for exhibits, artifacts, artwork, and other materials.
- (6) Own and enforce the division's copyrights, trademarks, and service marks.
- (7) Sell, donate, or exchange artifacts.

The fiscal impact of these provisions is indeterminable but will depend on current practice and the implementation of the above provisions.

Board of Trustees for the Division of State Museums and Historic Sites. The bill changes the composition of the board of trustees for the Division of State Museums and Historic Sites. However the total number of members remains at 13. The Governor must make appointments in a manner to achieve diversity and geographic balance among the trustees. A fiscal impact would result only if new members resulted in different reimbursements for mileage. However, this impact is not expected to be significant.

The bill also eliminates provisions that require the trustees to nominate, when the position of division director is vacant, a person to be appointed by the DNR director to that position; to recommend the dismissal of a division director; and to make recommendations concerning the salary ranges of the administrative, professional, and technical staff of the division. It is anticipated that this provision would not result in a significant fiscal impact.

Historic Site Fees. The bill allows the Natural Resources Commission to set, collect, and review admission fees for historic sites. This provision will result in administrative expenses for the DNR. Each site that is currently not collecting a fee would experience a one-time operational cost of approximately \$2,505. Total statewide one-time costs would equal \$21,620. This figure includes setup costs for cash registers, credit card machines, phone lines, etc. Other ongoing costs are estimated at \$55,812. (See table below under Explanation of State Revenues.) However, the bill also establishes the Historic Site Fund to finance administrative costs.

Historic Site Fund. This bill establishes the Historic Site Fund to provide funding for educational programs and the operation of historic sites. The fund must be administered by the Division of State Museums and Historic Sites. Expenses of administering the fund must be paid from money in the fund. At least 51% of admission fees collected at historic sites must be used for educational programs conducted at the historic site; and the maintenance and operation of the historic site.

Report on the Structure of the DIH. The bill provides that the State Personnel Department (SPD) and the State Budget Agency (SBA) must examine the organizational structure, statutory duties, and existing functions of the DNR's Division of Historic Preservation and Archeology; the DNR Division of Museum and Historic Sites; the Indiana Historical Bureau; the Indiana State Library; the Indiana War Memorials Commission; and the Indiana State Archives Program of the Commission on Public Records.

The SPD and the SBA must recommend the proposed organizational structure of the DIH; recommend existing state agencies to be transferred to the DIH; recommend the proposed organizational structure of boards and commissions at the existing state agencies and the DIH; and determine the fiscal impact of the recommendations. The SPD and the SBA must prepare a report with findings and recommendations. The report must be delivered in an electronic format to the Governor and the Legislative Council before October 1, 2005. Expenses associated with this provision will depend on administrative decisions.

Explanation of State Revenues: The bill provides that the DNR may accept gifts, bequests, and devises of personal and real property for the maintenance, use, or benefit of the DNR under terms and conditions and with obligations, liabilities, and burdens that the commissioner believes are in the best interest of the DNR.

Indiana Heritage Fund. The bill establishes the Department of Indiana Heritage Fund as a dedicated fund to provide money for the DIH to carry out its duties. The DIH administers the fund. The fund consists of the following:

- (1) Appropriations to the DIH.
- (2) Assets transferred to the DIH under a statute providing for the transfer of all or part of the powers and duties of another agency to the DIH.
- (3) The proceeds from the sale of items by the DIH.
- (4) Gifts of money or the proceeds from the sale of gifts donated to the DIH.
- (5) Investment earnings from any part of the fund.

Historic Site Fund. The bill establishes the Historic Site Fund to provide funding for educational programs and the operation of historic sites. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Money in the fund at the end of a state fiscal year does not revert to the state General Fund. Money in the fund is annually appropriated to the Division.

Admission Fees from Historic Sites. The bill provides that the Natural Resources Commission can set, collect, and review admission fees for historic sites. The Division of State Museums and Historic Sites is authorized to collect admission charges, fees, rent, and other user fees for the following:

- (1) The state museum and historic sites.
- (2) Restaurants and other facilities located at the state museum or historic sites.
- (3) Programs, lectures, classes, tours, and trips provided at the state museum or historic sites.

The Division may also sell merchandise and donate or exchange artifacts in the division's collection to or with a public or nonprofit museum or historical society. The amount of revenue that could be raised is

indeterminable and would be based on actions of the Commission.

Based on 2002 attendance figures and based on admission fees ranging from \$3 to \$6, and given that fees may initially result in a 20% decline in attendance, the proposal may generate approximately \$283,000 annually.

School group fees have already been established by the Commission at \$1 per student. At least 51% of the fees, or an estimated \$144,000, must be used for educational programs conducted at the historic site and for the maintenance and operation of the historic site. Revenue estimates for specific sites are listed below.

Estimated Revenue Generated by Admission Fees for Historic Sites			
Site	Operational Costs	Total Estimated Revenue	51% of Revenue Remaining at Site
Angel Mounds	\$14,223	\$52,794	\$26,925
Levi Coffin House (The site currently charges a fee.)	Operated by Levi Coffin House Association	\$9,950	\$5,075
Corydon Capitol	\$13,683	\$73,889	\$37,683
Culbertson Mansion	\$2,505/existing staff	\$15,713	\$8,014
Grissom Air Museum	Operated by Heritage Museum Foundation	\$292,371*	\$149,109
Lanier Mansion	\$13,683	\$23,139	\$11,800
Limberlost	Operated by Friends of Limberlost	\$13,633	\$6,953
New Harmony (already charges fees)	Operated by Historic New Harmony	\$91,090	\$46,456
Gene Straton Porter	\$2,505/existing staff	\$26,115	\$13,319
Ernie Pyle	\$2,505/existing staff	\$8,353	\$4,260
Pigeon Roost (not staffed)	\$0	\$0	\$0
T.C. Steele	\$2,505/existing staff	\$12,403	\$6,325
Vincennes	\$2,505/existing staff	\$50,999	\$26,009
Whitewater Canal	\$14,223	\$36,965	\$18,852
Totals	One-time equipment costs: \$21,620	\$283,069	\$144,365
	ongoing annual: \$55,812		
	Total: \$77,432		
Note: Attendance figures and consequently admission fee revenue will probably increase after the initial decrease that will probably result due to the establishment of a fee. Also, the actual date of implementation for the fees may vary. Some equipment costs are not specifically identified by site in this table. *From fees only. Already has gift shop, tours, etc.			

No State General Fund Appropriations. The bill contains no appropriation from the State General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DNR, SPD, SBA.

Local Agencies Affected:

Information Sources: DNR.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.